

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 NEA-06 FEA-01 AEC-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-01 /092 W

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P 110004Z DEC 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 5173

INFO AMEMBASSY PARIS PRIORITY

AMEMBASSY LONDON

AMEMBASSY MADRID

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E.O. 11652: GDS

TAGS: ENRG, PFOR

SUBJECT: A) ROUNDABOUT OFFER OF ARAB OIL TO US

AT LESS THAN OPEC PRICES;

B) OFFER OF UP TO \$13 BILLION LOAN TO

US INTERESTS

1. IN VIEW OF THE PRESENT WORLD ENERGY/FINANCIAL

SITUATION, THE EMBASSY PASSES ON, FOR WHAT IT IS WORTH,

INFORMATION CONVEYED TO SCICOUNS ON DECEMBER 9 BY ING. JESUS

CHAHIN, PRESIDENT OF INDUSTRIAS ORIZABA, S.A. THERE HAS

BEEN NO TIME TO VERIFY FACTS OR NAMES.

2. SUMMARY

THROUGH EUROPEAN CONNECTIONS, YOUNG MEXICAN ENTREPRENEUR  
OF ARAB DESCENT REPORTEDLY HAS ACCESS TO ONE BILLION METRIC  
TONS OF SAUDI ARABIAN OIL WHICH KING FAISAL MAKING AVAILABLE  
FOR OFFER TO UNITED STATES OVER SIX-YEAR PERIOD. FAISAL  
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WANTS OFFER BROUGHT TO ATTENTION PRESIDENT FORD.

CONTRACT TO BE SIGNED IN PARIS LATER THIS WEEK BY  
ABDUL GAFOOR, MOSLEM LEADER AND PRESIDENT ISLAMIC BANK,  
PARIS, AND TANZANIA LTD., A LIECHTENSTEIN-REGISTERED COMPANY  
BOUGHT RECENTLY BY CHAHIN, THE MEXICAN BUSINESSMAN, WHO  
PROCEEDING LONDON AND PARIS DECEMBER 10 TO SIGN CONTRACT.  
PART OR ALL OF CONTRACTED OIL OFFERED TO U.S.

QUITE INDEPENDENTLY OF THE PETROLEUM OFFER, CASH IN  
AMOUNT OF UP TO \$13 BILLION ALSO OFFERED TO U.S. INTERESTS  
BY KING FAISAL. END SUMMARY.

3. CHAHIN'S CONTACT WITH SCICOUNS STARTED SOME TWO YEARS  
AGO ON ENVIRONMENTAL MATTERS. HE HAS FAMILY CONNECTIONS WITH  
FORMER MEXICAN PRESIDENT GUSTAVO DIAZ ORDAZ (1964-1970), ALSO  
OF ORIZABA, BEING MARRIED TO THE EX-PRESIDENT'S NIECE. HIS  
COMPANY DOES A LOT OF PACKAGING FOR PEMEX, THE FEDERAL OIL  
MONOPOLY OF MEXICO. CHAHIN, WHO IS OF ARAB DESCENT, IS A YOUNG  
CHEMICAL ENGINEER, INDEPENDENTLY WEALTHY, AND FORMER AMATEUR  
GOLF CHAMPION OF MEXICO. HE FREQUENTLY REPRESENTS MEXICO IN  
INTERNATIONAL TOURNAMENTS. TO SCICOUNSELOR'S KNOWLEDGE HE  
HAS BACKED SEVERAL BUSINESS VENTURES, SOME SUCCESSFUL, SOME  
NOT.

4. CHAHIN ADVISED SCICOUNS THAT HE AND HIS TWO  
AMERICAN PARTNERS, EDWARD BRENNAN (WHOSE WIFE IS THE SISTER  
OF CHAHIN'S WIFE) AND WILLIAM AZTURRIZOAGA (NO ADDRESSES OR  
AFFILIATIONS KNOWN), HAD ARRANGED A DEAL TO PROVIDE 200 MILLION  
METRIC TONS OF ARAB OIL TO SPAIN WITH PAYMENT TO BE MADE  
BY SPAIN SUPPLYING 36 MILLION TONS OF CEMENT. CHAHIN  
THOUGHT THAT PRESUMABLY SOME OF THIS OIL WOULD BE  
ROUTED TO WEST GERMANY.

5. AT THIS STAGE OF EVENTS, A BRITISH PERSONALITY PUT  
CHAHIN AND HIS PARTNERS IN TOUCH WITH ABDUL GAFOOR,  
PRESIDENT OF THE ISLAMIC BANK IN PARIS. ACCORDING TO  
CHAHIN, GAFOOR IS ALSO "PRESIDENTE DE LOS MUSULMANES"  
(PRESIDENT OF THE MOSLEMS) WHICH FOR THE ARABS HE LIKENED  
TO BEING THE SAME AS THE POPE FOR THE CATHOLIC CHURCH.

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6. GAFOOR, WHEN ASSURED THAT THE HEAD OF THE MEXICAN  
COMPANY (CHAHIN) AND HIS PARENTS WERE ARAB, SAID THAT KING  
FAISAL HAD AGREED TO MAKE AVAILABLE TO THE MEXICAN COMPANY  
ONE BILLION, REPEAT ONE BILLION, METRIC TONS OF HIS OWN  
SAUDI ARABIAN OIL OVER A SIX-YEAR PERIOD. THIS CONCESSION  
WOULD BE GIVEN DIRECTLY BY FAISAL TO GAFOOR AT PRICES A  
LITTLE LESS THAN OPEC PRICES SO THAT THE OPERATION WOULD BE  
MORE ATTRACTIVE.

7. IN TELEPHONIC CONVERSATIONS FROM PARIS, GAFOOR RELAYED A MESSAGE TO THE EFFECT THAT FAISAL HAD INTIMATED THE DESIRABILITY OF CONTACT BEING ESTABLISHED WITH PRESIDENT FORD TO ADVISE HIM THAT THIS SAUDI ARABIAN OIL WAS BEING MADE AVAILABLE TO THE U.S. SCICOUNS FURTHER UNDERSTOOD THAT THE SAME SOURCE SUGGESTED THAT IT ALSO DESIRABLE FOR A REPRESENTATIVE FROM AMEMBASSY PARIS TO ATTEND, AS AN OBSERVER, THE ACTUAL SIGNING OF THE CONTRACT WHICH WOULD GUARANTEE THE AVAILABILITY OF THE OIL. (FYI. PRESUMABLY THE CONTACT IN PARIS WOULD BE ABDUL GAFOOR. SCICOUNS SIMONPIETRI DECLINED CHAHIN'S INVITATION TO ACCOMPANY HIM TO LONDON AND PARIS BUT GAVE HIS PERSONAL CARD TO CHAHIN WITH A NOTE PRESENTING HIM TO SCICOUNS WILLIAM SALMON AT AMEMBASSY PARIS. END FYI.)

8. CHAHIN, THROUGH HIS LAWYER IN GENEVA, HAS MADE ARRANGEMENTS TO PURCHASE A SMALL COMPANY, TANZANIA LTD., REGISTERED IN LIECHTENSTEIN, WHICH WOULD HANDLE THE BUSINESS. HE IS TAKING LETTERS OF CREDIT TO ESTABLISH BANK ACCOUNTS IN ENGLAND AND LIECHTENSTEIN, AND LEAVES NOON TUESDAY, DECEMBER 10, FOR LONDON WHERE HE WILL BE MET BY A PRINCESS JEANIE.

9. (FYI. ACCORDING TO CHAHIN, "PRINCESS JEANIE," IS AN ENGLISHWOMAN WHO MADE A FORMAL STATE VISIT TO MEXICO IN 1970 WHEN DIAZ ORDAZ WAS STILL PRESIDENT, AT WHICH TIME SHE WAS GIVEN THE KEYS TO THE CITY AND FOR THAT AND OTHER REASONS FEELS CLOSE TIES WITH MEXICO. INFORMATION OFFICE, UK EMBASSY IN MEXICO, WHICH HAS SOMETIMES FAILED US IN PAST, ADVISED THEY HAVE NO RECORD OF SUCH A VISIT IN 1970. END FYI)

10. ANY PROFIT FROM THE DEAL IN WHICH CHAHIN IS PRESENTLY INVOLVED WOULD PRESUMABLY BE SPLIT 50/50 BETWEEN CHAHIN'S  
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COMPANY AND THE MOSLEMS.

11. ALL OF THE OIL, OR WHATEVER PART OF IT THE UNITED STATES MIGHT WISH TO PURCHASE, IS BEING OFFERED TO THE UNITED STATES.

12. THE OIL HAS THE FOLLOWING SPECIFICATIONS (THE ONLY ONES PROVIDED BY CHAHIN): API 34.5; SULFUR CONTENT 1.7; WHICH CHAHIN SAYS HE UNDERSTANDS TO BE THE MOST SOUGHT-AFTER, AND ITS TOTAL VALUE IS ESTIMATED AT APPROXIMATELY \$72 BILLION DOLLARS.

13. IN ADDITION TO THE AVAILABILITY OF THIS OIL, THE MOSLEMS (READ FAISAL) ALSO OFFER TO MAKE AVAILABLE THE SUM OF \$13 BILLION TO UNITED STATES "INTERESTS." THESE FUNDS

ARE IMMEDIATELY AVAILABLE AND ARE QUITE INDEPENDENT OF THE  
OFFER OF PETROLEUM.

14. THE CONTRACT WILL BE SIGNED BY CHAHIN AS PRESIDENT  
OF TANZANIA LTD. AND ABDUL GAFOOR IN PARIS THE LATTER PART  
OF THIS WEEK. AS SOON AS IT IS SIGNED, THE PETROLEUM WILL  
BE AVAILABLE.

15. SCICOUNSELOR'S LAST CONTACT WITH CHAHIN WAS PHONE  
CALL FROM HIM MORNING DECEMBER 10, SHORTLY BEFORE HIS DEPARTURE  
FOR LONDON. CHAHIN OFFERED CALL SCICOUNS FROM PARIS AS SOON  
AS CONTRACT SIGNED.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 11 DEC 1974  
**Decapton Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
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**TAGS:** ENRG, PFOR, SA, US, OPEC, (CHAHIN, JESUS), (KING FAISAL), (GAFOOR, ABDUL)  
**To:** STATE  
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